

ENFORCEMENT OUTCOME

Revocation of the Management Licence and the Approval to act as Captive Insurance Agent - Taysun Corporate Services Ltd

Ref: ENF/29G2021/E1

1. Background

- 1.1. Taysun Corporate Services Ltd (the “Company”) was granted a Management Licence on 01 March 2010 and was approved as a Captive Insurance Agent on 21 November 2016 [Edited for formatting purposes].
- 1.2. The Financial Services Commission (the “FSC”) conducted onsite inspections (the “Inspections”) at the business premises of the Company on 29 June 2020 and on 12 August 2020 [Edited for formatting purposes].
- 1.3. In light of the Inspections’ findings, the FSC gave written notice to the Company, on 20 August 2020, of its intention to refer the matter to the Enforcement Committee (the “EC”) and invited the former to make written representations in this regard [Edited for formatting purposes]. The Company was duly informed that in the absence of its written representations, the matter would be decided based on information available on the FSC’s record.
- 1.4. The Company failed to make written representations to the FSC and was thus referred to the EC for such action as the latter may deem appropriate pursuant to section 53(1) of the Financial Services Act 2007 (the “FSA”) [Edited for formatting purposes].

2. Breaches committed by the Company

- 2.1. The EC observed that the Company has committed breaches of the FSA, the Financial Intelligence and Anti-Money Laundering Act 2002 (the “FIAMLA”), the Financial Intelligence and Anti-Money Laundering Regulations 2018 (the “FIAML

Regulations”) and the United Nations (Financial Prohibitions, Arms Embargo and Travel Ban) Sanctions Act 2019 (the “UN Sanctions Act”) [Edited for formatting purposes].

2.2. In this regard, the EC noted that the Company failed to:

- 2.2.1. provide documents and information as directed by the FSC under section 43(2) of the FSA by way of letter dated 26 May 2020, thus committing an offence under section 43(4) (b) of the FSA;
- 2.2.2. commence business as Captive Insurance Agent since obtaining the approval on 21 November 2016;
- 2.2.3. establish proper policies, controls and procedures to mitigate and manage effectively the risks of money laundering and terrorist financing (“ML/TF”) as required under section 17A of the FIAMLA;
- 2.2.4. take appropriate steps to identify, assess and understand the ML/TF risks for clients, countries or geographic areas, and products, services, transactions or delivery channels. In addition, it failed to consider all relevant risk factors before determining the level of overall risk and the appropriate level and type of mitigation to be applied. As such, its current Procedures and Compliance Manual does not provide for the risk profiling of its clients as required under section 17 of the FIAMLA;
- 2.2.5. establish and maintain appropriate procedures for monitoring and testing its compliance with the Anti-Money Laundering and Countering the Financing of Terrorism (“AML/CFT”) statutory requirements as prescribed under regulation 31 of the FIAML Regulations;
- 2.2.6. carry out appropriate Customer Due Diligence (“CDD”) on prospective clients and existing clients as required under sections 17C and 17E of the FIAMLA and regulations 3, 4 and 5 of the FIAML Regulations;
- 2.2.7. take reasonable measures to identify and verify the identity of beneficial owners as required under regulation 6 of the FIAML Regulations, where its clients are legal persons;

- 2.2.8. take appropriate steps to identify whether its clients and/or the beneficial owners of its clients are Politically Exposed Persons as required under regulation 15 of the FIAML Regulations;
- 2.2.9. perform enhanced CDD as required under regulation 12 of the FIAML Regulations since no supporting documentary evidence was provided during the Inspection to support that such measures have been taken by the Company;
- 2.2.10. take required steps under regulation 21 of the FIAML Regulations when reliance is placed on third parties for CDD;
- 2.2.11. conduct ongoing monitoring of business relationships as required under regulation 3(1)(e) of the FIAML Regulations as no such supporting documentation have been provided during the Inspection;
- 2.2.12. assess the source of funds of its investors and maintain details thereof;
- 2.2.13. maintain books and records with respect to its clients and transactions as required under section 29 of the FSA, section 17F of the FIAMLA and regulations 6(2) and 14(1) of the FIAML Regulations;
- 2.2.14. appoint a compliance officer as required under regulation 22(1)(a) of the FIAML Regulations;
- 2.2.15. ensure that its Procedures and Compliance Manual caters for the screening of its employees to ensure high standards at time of hiring as required under regulation 22(1)(b) of the FIAML Regulations [**Edited for formatting purposes**];
- 2.2.16. carry an ongoing training programme for its directors, officers and employees in order to maintain awareness of the applicable laws and regulations relating to ML/TF as required under regulation 22(1)(c) of the FIAML Regulations;
- 2.2.17. verify compliance with and effectiveness of the measures taken in accordance with the FIAMLA and the FIAML Regulations, as required under regulation 22(1)(d) of the FIAML Regulations;

- 2.2.18. appoint a Money Laundering Reporting Officer (“MLRO”) and a Deputy MLRO following the resignation of [Edited] and [Edited] on 31 March 2020 and 18 May 2020 respectively, thereby breaching regulation 26 of FIAML Regulations;
- 2.2.19. set up an effective suspicious transaction reporting process and internal disclosures mechanism, as required under regulation 27 of FIAML Regulations, given that no internal disclosures have ever been raised since its management licence was granted in 2010;
- 2.2.20. verify whether any of its clients have been declared as a designated party as required under section 25 of the UN Sanctions Act; and
- 2.2.21. maintain adequate resources and staff with the appropriate competence, experience and proficiency to carry out the activities for which it was licensed as required under section 18 of the FSA, inasmuch as at the time of the Inspection, there was only 3 staff working for the Company, consisting of a Senior Administrator, a Junior Administrator and an Accounting Officer.

3. Proceedings of the EC

- 3.1. In view of the above, based on its assessment of the referral material submitted by the FSC, the EC contemplated the revocation of the Management Licence and the Approval to act as Captive Insurance Agent held by the Company pursuant to sections 7(1)(c) (vi) and 52(3) of the FSA.

4. Notice under section 53(2) of the FSA and findings of the EC

- 4.1. The EC issued a notice dated 10 November 2020 to the Company pursuant to section 53(2) of the FSA wherein it was informed that the EC was contemplating the revocation of the Management Licence and the Approval to act as Captive Insurance Agent held by the Company pursuant to sections 7(1)(c) (vi) and 52(3) of the FSA.
- 4.2. The Company was also informed of its right, to make written representations to the EC, within a period of 21 days from the date of the notice as to why the EC should not revoke its Management Licence and its Approval to act as Captive Insurance

Agent. All the referral materials provided by the FSC were communicated to the Company along with the notice dated 10 November 2020.

- 4.3. The Company failed to make written representations to the EC.
- 4.4. In this respect, the EC has concluded that the statutory breaches, as detailed in its notice dated 10 November 2020, were undisputed by the Company **[Edited for formatting purposes]**.

5. Decision of the EC

- 5.1. In light of the above, the EC has revoked the Management Licence and the Approval to act as Captive Insurance Agent held by the Company pursuant to sections 7(1)(c) (vi) and 52(3) of the FSA vide a decision notice dated 01 April 2021 **[Edited for formatting purposes]**.
- 5.2. In accordance with section 53(6) of the FSA, this decision takes effect immediately after a period of 21 days from the date of the above-mentioned decision notice **[Edited for formatting purposes]**.
- 5.3. The decision notice was issued on 01 April 2021 and became effective on 22 April 2021. **[Added for information purposes]**

6. Application to the Financial Services Review Panel (the “FSRP”)

- 6.1. The Company may make an application to the FSRP for a review of the above decision of the EC, within 21 days from the issue of the notice. Such an application must be made by registered post, specifying the reasons for the review, in accordance with section 53(4) of the FSA. A copy of the application must be sent, by registered post, to the FSC. *

*Service of the decision notice by EC [Added for information purposes]

Service of the decision notice dated 01 April 2021 by registered post at the last known registered office address of the Company was not successful, despite repeated attempts by the EC.

On 30 June 2021, a [notice](#) was published on the website of the FSC as a substituted service to communicate to the Company the decision of the EC, including its right to make an application to the FSRP for a review of the EC's decision within 21 days as from the date of the notice published on the website.

Based on the records of the FSC as at date, no such application has been filed by the Company.

29 July 2021

This published version of the Decision Notice has been edited for formatting purposes, to remove certain confidential, sensitive or personal information and to include certain information which the FSC deems important for the awareness of the members of the public and for transparency purposes.

The person to whom the decision in this Notice relates may exercise the right to seek a review by the Financial Services Review Panel. Any amendment, cancellation or further update pertaining to the exercise of the aforementioned right in relation to the decision in this Notice will be communicated at the appropriate time.

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